

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5232-01
Bill No.: HB 1836
Subject: Employees-Employers
Type: Original
Date: April 18, 2016

Bill Summary: This proposal modifies provisions related to employer requirements for employee benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Worker's Compensation	(\$195,987 to \$261,316)	(\$197,947 to \$263,929)	(\$199,926 to \$266,568)
Second Injury Fund	(\$1,175,922 to \$1,567,896)	(\$1,187,681 to \$1,583,575)	(\$1,199,558 to \$1,599,411)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,371,909 to \$1,829,212)	(\$1,385,628 to \$1,847,504)	(\$1,399,484 to \$1,865,979)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** estimate that construction industry small businesses would save about \$26,000,000 because they would not pay premiums associated with workers compensation insurance premiums as they would not be regarded as employers that are governed by and subject to the Workers' Compensation Act.

This would reduce the premium base for Workers' Compensation Insurance and thus the amounts collected under the Administrative Tax and the Second Injury Fund Surcharge.

The total decrease to the Workers' Compensation Administration Fund in FY17 is estimated to be between (\$195,987) and (\$261,316). The total decrease to the Second Injury Fund in FY17 is estimated to be between (\$1,175,922) and (\$1,567,896). The FY18 and FY19 estimated fiscal impact each include a 1% increase from the previous fiscal year.

Officials at the **Department of Administration - Accounting, Department of Administration - Personnel, Department of Conservation, Department of Economic Development, Department of Insurance, Financial Institutions, and Professional Registration, Department of Revenue, and Department of Transportation** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Columbia** assume this proposal will not have a fiscal impact on their organization.

Officials at the counties of **Callaway** and **St. Louis** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **Metropolitan Community College, Missouri State University, State Technical College of Missouri, University of Central Missouri, and University of Missouri** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the school districts of **Concordia R-II, Forsyth R-III, Kansas City, Kearney R-I, Macon County R-IV, Parkway, Smithville R-II, Sarcoxie R-II, Shell Knob #78, Warren County R-III, West Plains, and Wright City R-II** each assume this proposal will not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4,

ASSUMPTION (continued)

Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, County R-3, Warrensburg R-6, Webster Groves, and Westview C-6 did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**WORKERS' COMPENSATION
FUND**

Loss - DOLIR

Lower WC premium collections (1% decrease in premium base)	(\$195,987 to <u>\$261,316</u>)	(\$197,947 to <u>\$263,929</u>)	(\$199,926 to <u>\$266,568</u>)
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**ESTIMATED NET EFFECT TO THE
WORKERS' COMPENSATION
FUND**

(\$195,987 to <u>\$261,316</u>)	(\$197,947 to <u>\$263,929</u>)	(\$199,926 to <u>\$266,568</u>)
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SECOND INJURY FUND

Loss - DOLIR

Lower WC premium collections (1% decrease in premium base)	(\$1,175,922 to <u>\$1,567,896</u>)	(\$1,187,681 to <u>\$1,583,575</u>)	(\$1,199,558 to <u>\$1,599,411</u>)
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**ESTIMATED NET EFFECT TO THE
SECOND INJURY FUND**

(\$1,175,922 to <u>\$1,567,896</u>)	(\$1,187,681 to <u>\$1,583,575</u>)	(\$1,199,558 to <u>\$1,599,411</u>)
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal.

DOLIR officials estimate that construction industry small businesses would save about \$26,000,000 because they would not pay premiums associated with Workers' Compensation Insurance premiums.

FISCAL DESCRIPTION

Currently only construction industry employers are deemed employers for workers' compensation if they have one or more employees; all other non-construction industry employers are not deemed employers for workers' compensation purposes unless they have five or more employees.

This bill adds any person or corporation in the construction industry who erects, demolishes, alters, or repairs improvements to the definition of "employer" as it relates to the Workers' Compensation Law.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

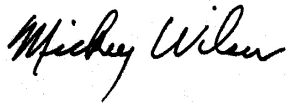
SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Department of Administration - Accounting
Department of Administration - Personnel
Department of Conservation
Department of Economic Development
Department of Insurance, Financial Institutions, and Professional Registration
Department of Revenue
Department of Transportation
City of Columbia
Callaway County
St. Louis County
Metropolitan Community College
Missouri State University
State Technical College of Missouri
University of Central Missouri
University of Missouri

SOURCES OF INFORMATION (continued)

School Districts of:

Concordia R-II
Forsyth R-III
Kansas City
Kearney R-I
Macon County R-IV
Parkway
Smithville R-II
Sarcoxie R-II
Shell Knob #78
Warren County R-III
West Plains
Wright City R-II



Mickey Wilson, CPA
Director
April 18, 2016

Ross Strobe
Assistant Director
April 18, 2016